

AGREEMENT

THIS AGREEMENT entered into on the _____ day of _____, 1980, by and between Co-Op Mining Company Inc., a Utah corporation, and Huntington City, a municipal corporation:

WITNESSETH:

THAT WHEREAS, Co-Op Mining Company is undertaking to develop and put into operation a coal mine in Big Bear Creek Canyon, in Emery County, Utah:

AND WHEREAS, Huntington City has received in the past and is now receiving a significant portion of its culinary water supply from a spring in Big Bear Creek Canyon in the general proximity of the proposed mining operation;

AND WHEREAS, the parties to this Agreement wish to cooperate with each other so as to assure that Co-Op Mining operation will not in any manner result in a loss or diminution of the water supply available to the City from the spring do hereby AGREE and COVENANT between themselves as follows:

1. That, at the option of Huntington City, representatives of Huntington City and the Co-Op Mining Company will make inspections underground in the old Bear Canyon Mine and any other mine operated in Bear Canyon by the Co-Op Mining Company, to check for water.

2. That the City will maintain a flow meter at the spring site and shall take measurements from the meter on a continuing basis so that any interference with the water supply or diminution in the flow can be readily determined; and the flow figures as measured shall be made available to Co-Op Mining Company.

3. That in the event that the quality of water at the Big Bear Creek Spring site decreases below the standards set by the Utah State Board of Health, or in the event that the quantity of water at the Big Bear Spring decreases below _____ gallons per minute in flow then the Co-Op Mining Company shall within ten days after either such decrease in quantity or quality obtain water of the same quality or quantity from some other source, and place said water into the culinary water system of the City in such quantity and quality as would replenish the flow and quality that has been lost. Co-Op Mining Company agrees to use all reasonable diligence to take the required action or make the required replacement of a permanent acceptable nature as rapidly as feasible, not to exceed one year, unless a greater time is required by law, and further agrees to maintain such temporary measures until permanent measures are completed, at Co-Op Mining Company's sole expense. In the event that water treatment is

required to bring the water obtained by Co-Op Mining Company up to Utah State standards for culinary water, Co-Op Mining Company further agrees to pay the proportionate share of the cost for treatment of said water as long as the interruption continues. Co-Op Mining Company further agrees that if said mining operations diminish or interfere with the flow of or quality of water from the above spring to the extent that mechanical water treatment plant is necessary, said Co-Op Mining Company shall pay a percentage of the cost related to said plant, proportional to the water needing treatment as a result of the diminution in quality or quantity of the Big Bear Springs, compared to the total water being treated by the City.

4. The parties further agree that the figure of _____ gallons per minutes cited in paragraph 3 above as the trigger for Co-Op Mining Company's obligation to replace said diminution of flow may be altered by the parties after a period of _____ years, after which time the parties will have sufficient spring flow data to more accurately establish that point at which the diminution of flow at the spring site is likely to have been caused by the Co-Op Mining Company mining operations.

5. In the event that there is a dispute between the parties hereto whether or not Co-Op Mining Company's mining activities are the cause of a diminished flow or quality in Bear Canyon Spring, said Co-Op Mining Company agrees to forthwith take whatever corrective measures are herein set forth to restore said flow or quality of water, provided that if it can later be shown that said mining activities were not responsible for said diminution in flow or quality, the City shall reimburse Co-Op Mining Company for its reasonable and necessary expenses incurred in undertaking said corrective measures.

6. In the event any other mining operation or other activity of any other person or company is proposed or planned in the area which may effect the flow of the Bear Creek Canyon Spring, the City will require such person or company to sign an agreement similar to this agreement, binding such other person or company to bear responsibility for any adverse effect such other person or company's activities may have upon the flow of Bear Creek Canyon Spring. In the event any diminution in the flow or quality of the spring may be attributable to the activities of any person or company other than Co-Op Mining Company, Co-Op Mining shall have the right to establish such to City's satisfaction and thereby shall be entitled to reimbursement for any corrective action required under this agreement which Co-Op Mining Company has undertaken, to the extent it is established that such other person or company is responsible for the diminished flow or quality. In that event City agrees to look to such other person or company for such corrective action as it deems necessary,

provided, however, that the Co-Op Mining Company shall take whatever corrective measures are necessary as herein set forth to replenish the quality and quantity of water at the Bear Canyon Spring pending the establishment of cause of diminution of quality or flow.

7. This agreement shall terminate and Co-Op Mining Company shall have no further obligation with respect to any diminution of flow of Bear Creek Canyon Spring, five years after the final termination of Co-Op Mining Company's or its successors in interests' activity in Bear Creek Canyon.

8. In order to assure performance on its part of the covenants of this agreement, Co-Op Mining Company agrees to put up a surety bond in the sum of _____ with a surety acceptable to City and in favor of City, conditional upon Co-Op Mining Company satisfactorily performing hereunder.

9. In the event legal action is brought to enforce the terms of this agreement, the losing party in such action agrees to pay all costs thereof, including the reasonable attorney's fees of the prevailing party.

10. This agreement shall cover the proposed mining operation on the 680 acres covered by and described in Cause No. ACT - 015-025, before the Utah Board of Oil, Gas and Mining, Department of Natural Resources.

11. As a condition to entering into the foregoing agreement, the City agrees that it will withdraw its protest in Cause No. ACT -015-025 before the Board of Oil, Gas and Mining, Department of Natural Resources of the State of Utah, and also it agrees that it will not protest the proposed mining operation on the 680 acres as heretofore filed as a mining plan with the Board of Oil, Gas and Mining, Department of Natural Resources of the State of Utah.

12. The City hereby specifically reserves its rights to protest and all other legal remedies on all other and future mining plans or proposals on land not included in the acreage covered by this agreement.

13. It is agreed by the parties that this agreement applies to and binds the heirs, executors, administrators, successors and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the said parties to this agreement have here unto affixed their signatures, the day and year first above written.

ATTEST:

CO-OP MINING COMPANY, INC.

Secretary

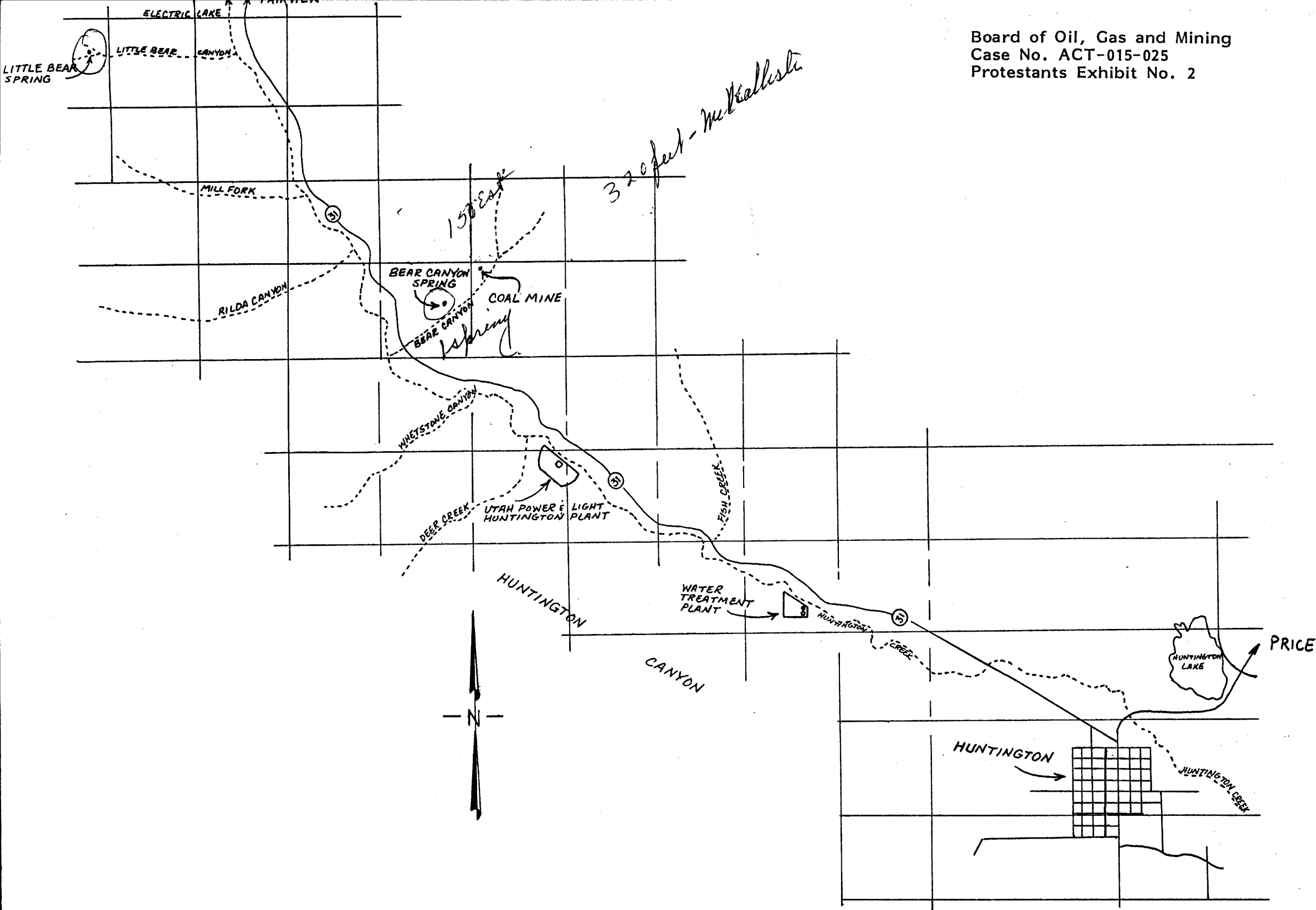
by _____
President

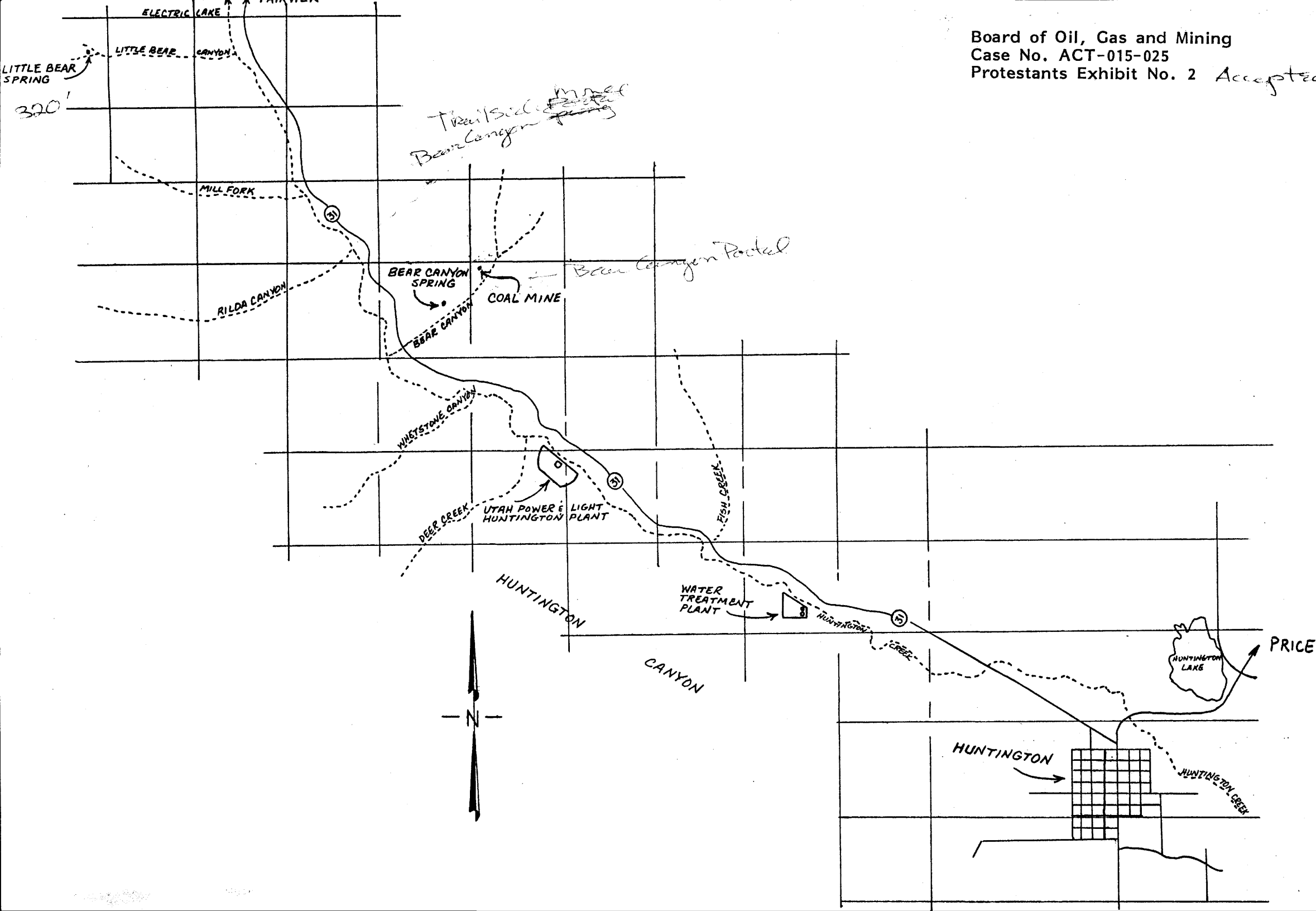
ATTEST:

HUNTINGTON CITY

City Recorder

By _____
Mayor







Ford Chemical
LABORATORY, INC.
Bacteriological and Chemical Analysis

40 WEST LOUISE AVENUE
SALT LAKE CITY, UTAH 84115
PHONE 485-5761

Lab. Sample No. 701

F - 778047

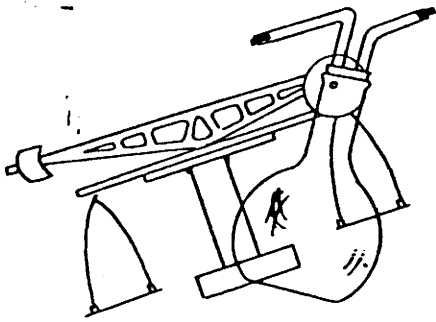
Date Analysis Started 11-4-77 Date Received 11-4-77

Date Collected 11/02/77 mo. dy. yr. 714	Time Collected 11:30 610	Water Syst. No. 703	Source No. 704	Water Rights No. 707
Supply Owned by HUNTINGTON CITY 712	River Mile Code 706	Merd. Township 711	Range 716	Section QTRSC QTRTR 720 721 726 705
Sample Collected by L SCANLAN 713	TYPE OF SOURCE TABLE		WATER USE TABLE	
Exact Description of Sampling Point BIG BEAR SPRING COMP OSITE 710	01 Spring 15 Tunnel 02 Well 18 Artesian well 03 Stream 19 Swimming pool 04 Lake 14 Other 06 Dist. syst. 07 Effluent sewer 08 Storm		1. Culinary 2. Agriculture 3. Industrial 4. Other 708 Current 1 709 Proposed	
Name GRANT WILSON 715	719 Sample Source 01		COUNTY CODE TABLE	
Address HUNTINGTON CITY 717	Phone No. 718		01 Beaver 16 Piute 02 Box Elder 17 Rich 03 Cache 18 Salt Lake 04 Carbon 19 San Juan 05 Daggett 20 Sanpete 06 Davis 21 Sevier 07 Duchesne 22 Summit 08 Emery 23 Tooele 09 Garfield 24 Uintah 10 Grand 25 Utah 11 Iron 26 Wasatch 12 Juab 27 Washington 13 Kane 28 Wayne 14 Millard 29 Weber 15 Morgan	
Flows CFS 659		611 County 01		

CHEMICAL ANALYSIS			
	mg/l	ug/l	
Arsenic		00	723
Barium		66.0	724
Boron		80.0	725
Cadmium		0.0	727
Calcium	70		728
Chromium		0.0	729
Chromium, Hex. as Cr		0.0	730
Copper		14.0	732
Iron		270	733
Iron, Total	0.12		755
Lead		10.0	734
Magnesium	29		737
Manganese		2.0	738
Mercury, Total		0.0	739
Nickel		0.0	740
Potassium	1		742
Selenium		0.0	743
Silver		0.0	744
Sodium	3		745
Zinc		50	749
Turbidity, as NTU		0.1	757
Specific Cond. @ 25° C, μ mhos/cm		458	762
Bicarbonate		329	758
Carbonate		0	760
Chloride		0	763
Fluoride		0.14	765
Hydroxide		0.00	767
Nitrate as N		0.16	605
Nitrite as N		0.00	606
Phosphorus, Ortho as P			607
Silica, dissolved as SiO ₂		6	750
Sulfate		29	772
pH Units		7.7	782
TDS @ 180° C		298	786
Phosphorus, Tot.			785
Surfactant as MBAS		0.0	773
Total Alk. as CaCO ₃		270	752
Total Hardness as CaCO ₃		296.0	754

TOTAL METALS ANALYSIS			
	mg/l	ug/l	
Arsenic			660
Barium			661
Cadmium			662
Chromium			663
Copper			664
Iron			755
Lead			665
Manganese			666
Mercury			739
Nickel			667
Selenium			668
Silver			669
Zinc			670

FORD CHEMICAL LABORATORY, INC.



Ford Chemical

LABORATORY, INC.

Bacteriological and Chemical Analysis

40 WEST LOUISE AVENUE
SALT LAKE CITY, UTAH 84115
PHONE 485-5761

DATE: 04/02/80

CERTIFICATE OF ANALYSIS

CASTLE VALLEY
SPECIAL SERVICES DS
P.O. BOX 547
CASTLE DALE, UT 84513

80-009195

SAMPLE: WATER SAMPLE DATED 3/18/80 RECEIVED 3/19/80 LABELED
HUNTINGTON BIG BEAR SPRINGS FOR ANALYSIS.

Alkalinity as CaCO ₃ mg/l	206.00	Arsenic as As mg/l	<.001
Barium as Ba mg/l	.145	Bicarbonate as HCO ₃ mg/l	251.32
Boron as B mg/l	.014	Cadmium as Cd mg/l	<.001
Calcium as Ca mg/l	48.00	Carbonate as CO ₃ mg/l	<.01
Chloride as Cl mg/l	6.0	Chromium as Cr (Hex.) mg/l	<.001
Chromium as Cr (Tot) mg/l	<.001	Conductivity umhos/cm	480
Copper as Cu mg/l	.005	Fluoride as F mg/l	.19
Hardness as CaCO ₃ mg/l	236	Iron as Fe (Dissolved) mg/l	.110
Iron as Fe (Total) mg/l	.198	Lead as Pb mg/l	<.001
Magnesium as Mg mg/l	27.84	Manganese as Mn mg/l	.030
Mercury as Hg mg/l	.00025	Nickel as Ni mg/l	<.010
Nitrate as NO ₃ -N mg/l	.25	Potassium as K mg/l	4.65
Selenium as Se mg/l	<.001	Silica as SiO ₂ mg/l	6.30
Silver as Ag mg/l	<.001	Sodium as Na mg/l	25.40
Sulfate as SO ₄ mg/l	75.0	Total Dissolved Solids mg/l	315

All reports are submitted as the confidential property of clients. Authorization for publication of our reports, conclusions, or, extracts from or regarding them, is reserved pending our written approval as a mutual protection to clients, the public and ourselves.

Turbidity NTU

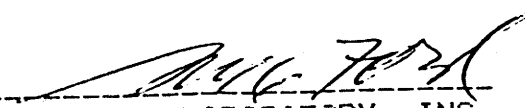
.44

Zinc as Zn mg/l

.065

pH Units

8.10


FORD CHEMICAL LABORATORY, INC.

Comparison of Inorganic Chemicals
of Big Bear Spring vs. Safe Water Drinking Act

Chemical Name	Allowable Maximum Limit From Safe Water Drinking Act	Sample #1 Exhibit #3-A	Sample #2 Exhibit #3-B
Arsenic as As	0.05 mg/l	0.0	<.001
Barium as Ba	1.00 mg/l	.066	.145
Cadmium as Cd	0.010 mg/l	0.0	<.001
Chloride as Cl	250.0 mg/l	0.0	6.0
Chromium as Cr (Hex.)	0.05 mg/l	0.0	<.001
Chromium as Cr (Tot)	0.05 mg/l	0.0	<.001
Copper as Cu	1.0 mg/l	.014	.005
Flouride as F	1.40 mg/l	0.14	.19
Iron as Fe	0.30 mg/l	0.12	.110
Lead as Pb	0.05 mg/l	0.0	<.001
Manganese as Mn	0.05 mg/l	0.002	.03
Mercury as Hg	0.002 mg/l	0.0	.00025
Nitrate as No3-N	10.0 mg/l	0.16	0.25
Selenium as Se	0.01 mg/l	0.0	<.001
Silver as Ag	0.05 mg/l	0.0	<.001
Zinic as Zn	5.0 mg/l	0.005	0.065
pH	6.5 - 8.5	7.7	8.10
Turbidity, NTU	1.0	0.1	0.44
Sulfate	500.0	29	75
Total Dissolved Soilds	2000	298	315

FLOW DATA

BEAR CREEK CANYON SPRING

DATE	FLOW/GPM	SOURCE OF DATA
June 25, 1970	259	Utah Power & Light Company
July 9, 1970	257	" " " "
August 24, 1970	233	" " " "
October 6, 1970	204	" " " "
April 15, 1971	158	" " " "
May 27, 1971	175	" " " "
May 17, 1971	176	Valley Engineers
June 17, 1971	204	" "
January 22, 1980	223	Castle Valley Special Service District
February 1980	228*	" " " " "
March 1980	226*	" " " " "
April 1980	225*	" " " " "
May 1980	228*	" " " " "
June 16, 1980	340	" " " " "

*Monthly Average

*265 balance
probable
value only*

Ex. No 6

STATE OF UTAH)
 ss.
County of Emery)

AFFIDAVIT

A. G. KINDER, being first duly sworn upon his oath,
deposes and says:

1. That from 1950 to 1956 the Adams Black Diamond Coal Company owed and operated a coal mine in Big Bear Canyon.

2. Affiant was during that period an employee and junior partner in said coal company and worked inside said coal mine running a joy loader and shuttle buggy.

3. Said mining operations initially headed in a north-westerly direction, but then turned in a southerly direction as coal removal continued.

4. As said operations continued in a southerly direction using dynamite, joy loaders, and a cutting machine, an ever increasing amount of water was encountered. As the operations progressed, the quantity of water encountered went from none at all to enough to accumulate into large pools inside the mine.

5. City officials of Huntington City, and the mine operators, became very concerned that the mining operations would interfere with the Huntington City Big Bear Spring, and it was mutually agreed that operations in said southerly direction should immediately cease. Thereafter said operations did cease.

6. Affiant will be absent from the State of Utah during the week of June 16 through June 21, 1980, and will be unavailable to testify as to the matters hereinabove.

DATED this 13th day of June, 1980.

A. G. Kinder
A. G. Kinder

Subscribed and sworn to before me this 13th day of June,
1980.

[Signature]
Notary Public

My Commission Expires:

June 21, 1982

Residing at

Leeland, Utah

STATE OF UTAH)

County of Emery)

ss.

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Residing at

[Signature]

Received for propertate value